

## Message Text

PAGE 01 STATE 197390  
ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

DRAFTED BY NEA/IAI:WBSMITHII:HLK  
APPROVED BY P - MR. HABIB  
NEA - MR. ATHERTON  
S/S-O:SGOLDSMITH  
-----092510 190203Z /65  
O 190107Z AUG 77 ZFF4  
FM SECSTATE WASHDC  
TO AMEMBASSY TEL AVIV IMMEDIATE

S E C R E T STATE 197390

NODIS

E.O. 11652: GDS

TAGS: PBOR, IS, US

SUBJECT: MEETING WITH DINITZ: POLICY ON SETTLEMENTS

REF: TEL AVIV 6136

1. SUMMARY. IN MEETING WITH DINITZ AT 9:00A.M., AUGUST 18, HABIB CONVEYED TO DINITZ TEXT OF STATEMENT WE WOULD MAKE AT NOON BRIEFING ON THREE NEW SETTLEMENTS, AS WELL AS TEXT OF RESPONSE WE PLANNED TO MAKE TO QUESTIONS ABOUT EXTENSION OF ISRAELI SERVICES TO WEST BANK/GAZA POPULATION. HABIB ALSO CONVEYED SUBSTANCE OF ORAL MESSAGE YOU HAD ALREADY GIVEN BEGIN IN INFORMING HIM OF OUR PROPOSED STATEMENTS (STATE 195927). HABIB STRESSED HIS INABILITY TO UNDERSTAND ISRAELI TIMING, IN LIGHT OF CURRENT IMPORTANT STAGE IN NEGOTIATING PROCESS AND OUR RECENT REQUESTS FOR HALT IN ISRAELI SETTLEMENT ACTIVITY. DINITZ ARGUED THAT PREVIOUS SECRET

PAGE 02 STATE 197390

ISRAELI GOVERNMENT HAD ESTABLISHED SEVENTY SETTLEMENTS AND BEGIN GOVERNMENT NONE WHICH HAD NOT ALREADY BEEN INITIATED BY PREVIOUS GOVERNMENT, AND THAT ANY TIMING FOR SUCH ISRAELI ACTIVITY WOULD BE BAD IN U.S. EYES. DINITZ DESCRIBED U.S. STATEMENTS AS DISPROPORTIONATE REACTION TO WHAT DINITZ CONSIDERED MODERATE ISRAELI STEPS. THIS HE FELT MIGHT LEAD SOME IN ISRAEL TO CEASE CARING ABOUT U.S. VIEWS. DINITZ OBJECTED TO OUR CHARACTERIZATION OF SETTLEMENT AC-

TIVITY AS HARMFUL TO PEACE PROCESS, ASSERTING THIS WOULD HARDEN ARAB POSITIONS. HABIB MADE CLEAR U.S. WOULD

HAVE TO PRESERVE ITS CREDIBILITY, DESCRIBED SITUATION AS SERIOUS BECAUSE ISRAEL WAS PURSUING ITS POLICY IRRESPECTIVE OF U.S. VIEWS AND VOICED HOPE BEGIN WOULD ASSURE US THERE WOULD NOT BE REPETITION. END SUMMARY.

2. DINITZ WITH BAR-ON CALLED ON HABIB AT LATTER'S REQUEST WITH ATHERTON PRESENT AUGUST 18. HABIB READ STATE 195927 AND STATE 196219, GIVING DINITZ TEXTS OF PUBLIC STATEMENTS AND NOTING THAT AMBASSADOR LEWIS WAS PRESENTING TEXTS AND ACCOMPANYING MESSAGE TO BEGIN UNDER INSTRUCTIONS FROM THE PRESIDENT. THE SECRETARY HAD ASKED HABIB SO TO INFORM DINITZ. DINITZ GAVE HABIB ORALLY HIS ROUGH TRANSLATION OF TELEGRAPHIC REPORT HE HAD JUST RECEIVED OF LEWIS-BEGIN CONVERSATION WHICH CLOSELY PARALLELED REFTTEL, EXCEPT FOR UNDERLINING BEGIN COMPLAINT THAT SUCH TELESOPING OF CONSULTATIONS IN TERMS OF TIME DEPRIVED CONSULTATIVE PROCESS OF ITS ESSENCE. HABIB RESPONDED THERE HAD BEEN NO CONSULTATION WITH US BEFORE LATEST DECISION ON SETTLEMENTS WAS MADE.

3. HABIB POINTED OUT THAT THE PRESIDENT'S PERSONAL POSITION ON SETTLEMENTS ISSUE WAS ALREADY WELL KNOWN TO SECRET

PAGE 03 STATE 197390

ISRAELI GOVERNMENT WHEN IT TOOK ITS LATEST DECISION TO ESTABLISH THREE SETTLEMENTS. MESSAGE THAT LEWIS HAD CONVEYED TO PRIME MINISTER WAS OF SIGNIFICANCE BEYOND SETTLEMENTS ISSUE ITSELF AND IN HABIB'S OPINION SHOULD BE TAKEN SERIOUSLY. HABIB PERSONALLY COULD NOT UNDERSTAND WHY ISSUE OF SETTLEMENTS AROSE REPEATEDLY AS CONTENTIOUS ISSUE WHEN ISRAEL AND U.S. WERE IN DELICATE PHASE OF PEACE EFFORTS. ADMINISTRATION COULD NOT LET THIS PASS BY.

4. DINITZ SAID NO ONE IN ISRAEL WAS UNDER MISAPPREHENSION THAT U.S. ACCEPTED ISRAELI POLICY RE SETTLEMENTS. NEVERTHELESS, SEVENTY SETTLEMENTS HAD BEEN ESTABLISHED BY ISRAEL BEFORE BEGIN BECAME PRIME MINISTER AND NOT ONE NEW SETTLEMENT SINCE THEN. DINITZ COULD NOT SEE WHY U.S. SHOULD CRITICIZE EXTENSION OF PUBLIC SERVICES TO WEST BANK AND GAZA, ESPECIALLY SINCE BEGIN HAD STATED TO LEWIS THIS ACTION HAD NO IMPLICATION LEADING TOWARD ANNEXATION AND INVOLVED NO APPLICATION OF ISRAELI LAW. IT WAS ROUTINE MATTER OF HUMANITARIAN NATURE. TO SAY IT COMPLICATED PEACE PROCESS WAS NOT WARRANTED.

5. HABIB AGREED THAT SETTLEMENTS ISSUE HAD BEEN IN CONTENTION BETWEEN U.S. AND ISRAEL FOR MANY YEARS. BUT AT THIS STAGE OF NEGOTIATING PROCESS U.S. HAD MADE CLEAR SUCH ACTIVITY AT THIS TIME WOULD NOT BE HELPFUL TO PEACE

EFFORTS. IN WAKE OF THAT, THESE ISRAELI ACTIONS HAD TAKEN PLACE AND CABINET SECRETARY HAD DESCRIBED WEST BANK AND

GAZA AS PART OF ISRAEL. EVEN THOUGH THE THREE SETTLEMENTS HAD BEEN APPROVED BY PREVIOUS GOVERNMENT, THEY WOULD BE NEW SETTLEMENTS. IT WAS AS IF U.S. WAS TALKING TO THE WIND. ISRAEL MUST HAVE EXPECTED THIS U.S. REACTION. REAL QUESTION WAS: WAS ISRAEL GOING TO STOP THIS ACTIVITY? COULD THIS BE UNDONE?

6. DINITZ DOUBTED IT COULD BE UNDONE. HE NOTED THIS  
SECRET

PAGE 04 STATE 197390

WAS OLD U.S.-ISRAELI DISAGREEMENT AND THAT HABIB HAD EMPHASIZED TIMING ASPECT. DINITZ QUESTIONED WHETHER THERE EVER WAS A PROPER TIME FOR SOMETHING TO HAPPEN ON WHICH TWO PARTIES DISAGREED. HABIB INTERJECTED U.S. INDEED OPPOSED SUCH ACTIVITIES AT ANY TIME, BUT TIMING IN PRESENT CASE ONLY MADE SITUATION WORSE. DINITZ CONTINUED REAL ISSUE WAS FUNDAMENTAL DIFFERENCE IN RESPECTIVE POLICIES. PEOPLE IN ISRAEL WOULD ASK WHETHER, IF U.S. MADE NO DISTINCTION BETWEEN MODERATE STEPS AND MUCH MORE EXTENSIVE SETTLEMENT ACTIVITY, ISRAEL SHOULD NOT PROCEED WITH LARGE SETTLEMENT PROGRAM.

7. HABIB AGREED SUCH POSSIBLE ISRAELI THINKING WOULD PRESENT VERY REAL DANGER. THE PRESIDENT WAS MAN OF HIS WORD. U.S. AND ISRAEL WERE ON THRESHOLD OF IMPORTANT NEGOTIATING EFFORT, AND HABIB WAS CONVINCED IT WOULD NOT BE IN INTEREST OF EITHER FOR SETTLEMENT ACTIVITY TO CONTINUE. DINITZ SAID U.S. WAS EMPHASIZING EFFECT OF THESE ISRAELI ACTIONS ON PEACE PROCESS, BUT U.S. HAD RECEIVED MUCH MORE SUBSTANTIAL ASSURANCES IN THIS RESPECT FROM BEGIN GOVERNMENT THAN FROM PREVIOUS GOVERNMENT. DAYAN HAD SAID IN PRESENCE OF PRIME MINISTER THAT JEWS COULD LIVE IN TERRITORIES UNDER ARAB SOVEREIGNTY. THIS WAS FAR-REACHING STATEMENT. DAYAN ALSO STATED LOCATION OF NO SETTLEMENT WOULD BE OBSTACLE TO PEACE. PREVIOUS GOVERNMENT NEVER MADE SUCH CLEAR STATEMENT.

8. DINITZ URGED THAT U.S. LOOK AT ISSUE IN WIDER CONTEXT. WITH EVERY NEW SETTLEMENT PREVIOUS GOVERNMENT HAD IN MIND BORDER CHANGE. THIS GOVERNMENT HAD DIFFERENT CONCEPT REGARDING WEST BANK. POLITICALLY, U.S. WAS FREER FROM PRESSURES OVER SETTLEMENT ISSUE THAN IT HAD BEEN WITH PREVIOUS ISRAELI GOVERNMENT. BEGIN GOVERNMENT WAS NOT  
SECRET

PAGE 05 STATE 197390

TALKING ABOUT A LINE BUT ABOUT STATUS OF AREA. HABIB SAID SITUATION WAS VERY SERIOUS. ISRAEL WAS PURSUING ITS POLICY IRRESPECTIVE OF ANYTHING U.S. HAD SAID AND OF ARAB VIEWS. WHEN BEGIN AND DAYAN HAD SAID THESE THINGS TO THE SECRETARY, THE SECRETARY HAD MADE IT CLEAR WE

COULD NOT AGREE. HABIB DID NOT WANT TO INTRUDE IN

ISRAELI INTERNAL POLITICS, BUT HE HAD OBSERVED THAT  
OPPOSITION HAD CRITICIZED THESE LATEST ISRAELI MOVES,  
WHICH SHOWED THAT MOVES HAD POLITICAL CHARACTER.

9. DINITZ PREDICTED U.S. PUBLIC STATEMENT WOULD ONLY  
CONSOLIDATE ISRAELI PUBLIC OPINION. HABIB SAID IT WAS  
WASTEFUL FOR ISRAEL AND U.S. TO DIFFER OVER THIS ISSUE.  
HE URGED DINITZ TO INTERPRET OUR PRESIDENT TO HIS PRIME  
MINISTER. DINITZ REPLIED THAT THE PRESIDENT HAD MADE  
U.S. POLICY VERY CLEAR TO PRIME MINISTER AND THERE WAS NO  
MISUNDERSTANDING. U.S. AND ISRAEL COULD ARGUE OVER  
LEGALITIES, BUT WHEN U.S. DESCRIBED ISRAELI ACTIONS AS  
COMPLICATING PEACE PROCESS OR PURSUIT OF NEGOTIATIONS,  
IT WAS REACTING OUT OF PROPORTION. THESE STATEMENTS,  
WHEN READ IN ARAB WORLD, WOULD AFFECT ARAB FLEXIBILITY,  
AS ARABS WOULD FIGURE U.S. WAS ON ARAB SIDE.

10. HABIB SAID ISRAEL IN EFFECT WAS CAUSING STRONGER  
U.S. REACTION BY TAKING ACTIONS AT TIME WHEN U.S. HAD  
ASKED ISRAEL NOT TO DO SO. DINITZ SAID HE WAS WORRIED  
THAT U.S. STATEMENTS WOULD GIVE ARABS ALIBI IN PEACE  
PROCESS. HABIB OBSERVED U.S. WOULD LOSE CREDIBILITY WITH  
ARABS AS INTERMEDIARY IF IT REMAINED SILENT. HE URGED  
DINITZ TO CONVEY TO JERUSALEM THAT PROBLEM WAS REACHING  
STAGE WHERE IT SHOULD BE HALTED. DINITZ RESPONDED  
THAT FOR TWENTY YEARS BEFORE ANY SETTLEMENTS WERE  
ESTABLISHED THERE HAD BEEN NO PEACE OR NEGOTIATIONS IN  
MIDDLE EAST AND SETTLEMENTS WERE NOT THE DISRUPTIVE ELEMENT.  
HE URGED AGAINST THAT U.S. CRITICISMS OF SETTLEMENTS NOT  
SECRET

PAGE 06 STATE 197390

BE COUCHED IN TERMS OF HARM TO PEACE PROCESS. HABIB  
SAID HE WOULD PRESENT DINITZ'S SUGGESTION AS EFFORT TO BE  
CONSTRUCTIVE, ALTHOUGH HE SAW NO POSSIBILITY THAT U.S.  
COULD COMPLY.

11. HABIB NOTED PRESIDENTIAL MESSAGE EXPRESSED HOPE FOR  
NO REPETITION OF LATEST DECISION ON ADDITIONAL SETTLEMENTS  
AND ASKED DINITZ IF BEGIN WOULD BE ABLE TO ASSURE US.  
DINITZ SAID PRESIDENTIAL PROMISE OF SILENCE RE 1967  
BOUNDARIES WITH MINOR MODIFICATIONS WAS ALREADY QUALIFIED.  
PRIME MINISTER HAD BEEN UPSET THAT THIS POSITION WAS  
REPEATED TO ARABS BY THE SECRETARY. HABIB NOTED WE HAD  
TOLD ISRAELIS BEFOREHAND WE WOULD CONFIRM TO ARABS OUR  
POSITION HAD NOT CHANGED IF WE WERE ASKED. DINITZ  
SAID HE WAS SORRY TO SEE PRESIDENTIAL ASSURANCE WAS NOW  
CONNECTED TO SETTLEMENTS ISSUE. HABIB SUGGESTED THIS  
WAS REFLECTION OF HOW DEEPLY THE PRESIDENT FELT ABOUT  
SETTLEMENTS ISSUE.

12. BAR-ON ASKED THAT PUBLIC STATEMENT RE EXTENSION OF

SERVICES TO OCCUPIED TERRITORIES BE SOFTENED AND  
PREDICTED THIS ISRAELI ACTION MIGHT EASE HUMAN RIGHTS  
PRESSURES ON ISRAEL IN UN. HABIB SAID HE WOULD REFLECT  
ON BAR-ON'S SUGGESTION; BOTH HABIB AND DINITZ DISAGREED  
WITH BAR-ON PREDICTION ABOUT UN SITUATION. THIS STATEMENT  
WAS SUBSEQUENTLY MODIFIED BEFORE ISSUANCE. VANCE

SECRET

PAGE 01 STATE 197390  
ORIGIN NODS-00

INFO OCT-01 ISO-00 /001 R

66011

DRAFTED BY:S/S-O:JTHYDEN  
APPROVED BY:S/S-O:JTHYDEN

-----096825 190928Z /23

O 190843Z AUG 77 ZFF4  
FM SECSTATE WASHDC  
TO WHITE HOUSE IMMEDIATE

S E C R E T STATE 197390

NODIS  
EYES ONLY FOR BRZEZINSKI

FOLLOWING REPEAT SECSTATE 197390 ACTION TEL AVIV AUGUST 19.

QUOTE S E C R E T STATE 197390

NODIS

E.O. 11652: GDS

TAGS: PBOR, IS, US

SUBJECT: MEETING WITH DINITZ: POLICY ON SETTLEMENTS

REF: TEL AVIV 6136

1. SUMMARY. IN MEETING WITH DINITZ AT 9:00A.M., AUGUST 18,  
HABIB CONVEYED TO DINITZ TEXT OF STATEMENT WE WOULD MAKE  
AT NOON BRIEFING ON THREE NEW SETTLEMENTS, AS WELL AS TEXT  
OF RESPONSE WE PLANNED TO MAKE TO QUESTIONS ABOUT EXTENSION  
OF ISRAELI SERVICES TO WEST BANK/GAZA POPULATION. HABIB  
ALSO CONVEYED SUBSTANCE OF ORAL MESSAGE YOU HAD ALREADY  
SECRET

PAGE 02 STATE 197390

GIVEN BEGIN IN INFORMING HIM OF OUR PROPOSED STATEMENTS (STATE 195927). HABIB STRESSED HIS INABILITY TO UNDERSTAND ISRAELI TIMING, IN LIGHT OF CURRENT IMPORTANT STAGE IN NEGOTIATING PROCESS AND OUR RECENT REQUESTS FOR HALT IN ISRAELI SETTLEMENT ACTIVITY. DINITZ ARGUED THAT PREVIOUS ISRAELI GOVERNMENT HAD ESTABLISHED SEVENTY SETTLEMENTS AND BEGIN GOVERNMENT NONE WHICH HAD NOT ALREADY BEEN INITIATED BY PREVIOUS GOVERNMENT, AND THAT ANY TIMING FOR SUCH ISRAELI ACTIVITY WOULD BE BAD IN U.S. EYES. DINITZ DESCRIBED U.S. STATEMENTS AS DISPROPORTIONATE REACTION TO WHAT DINITZ CONSIDERED MODERATE ISRAELI STEPS. THIS HE FELT MIGHT LEAD SOME IN ISRAEL TO CEASE CARING ABOUT U.S. VIEWS. DINITZ OBJECTED TO OUR CHARACTERIZATION OF SETTLEMENT AC-

TIVITY AS HARMFUL TO PEACE PROCESS, ASSERTING THIS WOULD HARDEN ARAB POSITIONS. HABIB MADE CLEAR U.S. WOULD HAVE TO PRESERVE ITS CREDIBILITY, DESCRIBED SITUATION AS SERIOUS BECAUSE ISRAEL WAS PURSUING ITS POLICY IRRESPECTIVE OF U.S. VIEWS AND VOICED HOPE BEGIN WOULD ASSURE US THERE WOULD NOT BE REPETITION. END SUMMARY.

2. DINITZ WITH BAR-ON CALLED ON HABIB AT LATTER'S REQUEST WITH ATHERTON PRESENT AUGUST 18. HABIB READ STATE 195927 AND STATE 196219, GIVING DINITZ TEXTS OF PUBLIC STATEMENTS AND NOTING THAT AMBASSADOR LEWIS WAS PRESENTING TEXTS AND ACCOMPANYING MESSAGE TO BEGIN UNDER INSTRUCTIONS FROM THE PRESIDENT. THE SECRETARY HAD ASKED HABIB SO TO INFORM DINITZ. DINITZ GAVE HABIB ORALLY HIS ROUGH TRANSLATION OF TELEGRAPHIC REPORT HE HAD JUST RECEIVED OF LEWIS-BEGIN CONVERSATION WHICH CLOSELY PARALLELED REFTEL, EXCEPT FOR UNDERLINING BEGIN COMPLAINT THAT SUCH TELESOPING OF CONSULTATIONS IN TERMS OF TIME DEPRIVED CONSULTATIVE PROCESS OF ITS ESSENCE. HABIB RESPONDED THERE HAD BEEN NO SECRET

PAGE 03 STATE 197390

CONSULTATION WITH US BEFORE LATEST DECISION ON SETTLEMENTS WAS MADE.

3. HABIB POINTED OUT THAT THE PRESIDENT'S PERSONAL POSITION ON SETTLEMENTS ISSUE WAS ALREADY WELL KNOWN TO ISRAELI GOVERNMENT WHEN IT TOOK ITS LATEST DECISION TO ESTABLISH THREE SETTLEMENTS. MESSAGE THAT LEWIS HAD CONVEYED TO PRIME MINISTER WAS OF SIGNIFICANCE BEYOND SETTLEMENTS ISSUE ITSELF AND IN HABIB'S OPINION SHOULD BE TAKEN SERIOUSLY. HABIB PERSONALLY COULD NOT UNDERSTAND WHY ISSUE OF SETTLEMENTS AROSE REPEATEDLY AS CONTENTIOUS ISSUE WHEN ISRAEL AND U.S. WERE IN DELICATE PHASE OF PEACE EFFORTS. ADMINISTRATION COULD NOT LET THIS PASS BY.

4. DINITZ SAID NO ONE IN ISRAEL WAS UNDER MISAPPREHENSION THAT U.S. ACCEPTED ISRAELI POLICY RE SETTLEMENTS. NEVERTHELESS, SEVENTY SETTLEMENTS HAD BEEN ESTABLISHED BY

ISRAEL BEFORE BEGIN BECAME PRIME MINISTER AND NOT ONE NEW SETTLEMENT SINCE THEN. DINITZ COULD NOT SEE WHY U.S. SHOULD CRITICIZE EXTENSION OF PUBLIC SERVICES TO WEST BANK AND GAZA, ESPECIALLY SINCE BEGIN HAD STATED TO LEWIS THIS ACTION HAD NO IMPLICATION LEADING TOWARD ANNEXATION AND INVOLVED NO APPLICATION OF ISRAELI LAW. IT WAS ROUTINE MATTER OF HUMANITARIAN NATURE. TO SAY IT COMPLICATED PEACE PROCESS WAS NOT WARRANTED.

5. HABIB AGREED THAT SETTLEMENTS ISSUE HAD BEEN IN CONTENTION BETWEEN U.S. AND ISRAEL FOR MANY YEARS. BUT AT THIS STAGE OF NEGOTIATING PROCESS U.S. HAD MADE CLEAR SUCH ACTIVITY AT THIS TIME WOULD NOT BE HELPFUL TO PEACE

EFFORTS. IN WAKE OF THAT, THESE ISRAELI ACTIONS HAD TAKEN PLACE AND CABINET SECRETARY HAD DESCRIBED WEST BANK AND GAZA AS PART OF ISRAEL. EVEN THOUGH THE THREE SETTLEMENTS HAD BEEN APPROVED BY PREVIOUS GOVERNMENT, THEY WOULD BE NEW SETTLEMENTS. IT WAS AS IF U.S. WAS TALKING  
SECRET

PAGE 04 STATE 197390

TO THE WIND. ISRAEL MUST HAVE EXPECTED THIS U.S. REACTION. REAL QUESTION WAS: WAS ISRAEL GOING TO STOP THIS ACTIVITY? COULD THIS BE UNDONE?

6. DINITZ DOUBTED IT COULD BE UNDONE. HE NOTED THIS WAS OLD U.S.-ISRAELI DISAGREEMENT AND THAT HABIB HAD EMPHASIZED TIMING ASPECT. DINITZ QUESTIONED WHETHER THERE EVER WAS A PROPER TIME FOR SOMETHING TO HAPPEN ON WHICH TWO PARTIES DISAGREED. HABIB INTERJECTED U.S. INDEED OPPOSED SUCH ACTIVITIES AT ANY TIME, BUT TIMING IN PRESENT CASE ONLY MADE SITUATION WORSE. DINITZ CONTINUED REAL ISSUE WAS FUNDAMENTAL DIFFERENCE IN RESPECTIVE POLICIES. PEOPLE IN ISRAEL WOULD ASK WHETHER, IF U.S. MADE NO DISTINCTION BETWEEN MODERATE STEPS AND MUCH MORE EXTENSIVE SETTLEMENT ACTIVITY, ISRAEL SHOULD NOT PROCEED WITH LARGE SETTLEMENT PROGRAM.

7. HABIB AGREED SUCH POSSIBLE ISRAELI THINKING WOULD PRESENT VERY REAL DANGER. THE PRESIDENT WAS MAN OF HIS WORD. U.S. AND ISRAEL WERE ON THRESHOLD OF IMPORTANT NEGOTIATING EFFORT, AND HABIB WAS CONVINCED IT WOULD NOT BE IN INTEREST OF EITHER FOR SETTLEMENT ACTIVITY TO CONTINUE. DINITZ SAID U.S. WAS EMPHASIZING EFFECT OF THESE ISRAELI ACTIONS ON PEACE PROCESS, BUT U.S. HAD RECEIVED MUCH MORE SUBSTANTIAL ASSURANCES IN THIS RESPECT FROM BEGIN GOVERNMENT THAN FROM PREVIOUS GOVERNMENT. DAYAN HAD SAID IN PRESENCE OF PRIME MINISTER THAT JEWS COULD LIVE IN TERRITORIES UNDER ARAB SOVEREIGNTY. THIS WAS FAR-REACHING STATEMENT. DAYAN ALSO STATED LOCATION OF NO SETTLEMENT WOULD BE OBSTACLE TO PEACE. PREVIOUS GOVERNMENT NEVER MADE SUCH CLEAR STATEMENT.

8. DINITZ URGED THAT U.S. LOOK AT ISSUE IN WIDER CONTEXT.  
SECRET

PAGE 05 STATE 197390

WITH EVERY NEW SETTLEMENT PREVIOUS GOVERNMENT HAD IN MIND BORDER CHANGE. THIS GOVERNMENT HAD DIFFERENT CONCEPT REGARDING WEST BANK. POLITICALLY, U.S. WAS FREER FROM PRESSURES OVER SETTLEMENT ISSUE THAN IT HAD BEEN WITH PREVIOUS ISRAELI GOVERNMENT. BEGIN GOVERNMENT WAS NOT TALKING ABOUT A LINE BUT ABOUT STATUS OF AREA. HABIB SAID SITUATION WAS VERY SERIOUS. ISRAEL WAS PURSUING ITS POLICY IRRESPECTIVE OF ANYTHING U.S. HAD SAID AND OF ARAB VIEWS. WHEN BEGIN AND DAYAN HAD SAID THESE THINGS TO THE SECRETARY, THE SECRETARY HAD MADE IT CLEAR WE COULD NOT AGREE. HABIB DID NOT WANT TO INTRUDE IN

ISRAELI INTERNAL POLITICS, BUT HE HAD OBSERVED THAT OPPOSITION HAD CRITICIZED THESE LATEST ISRAELI MOVES, WHICH SHOWED THAT MOVES HAD POLITICAL CHARACTER.

9. DINITZ PREDICTED U.S. PUBLIC STATEMENT WOULD ONLY CONSOLIDATE ISRAELI PUBLIC OPINION. HABIB SAID IT WAS WASTEFUL FOR ISRAEL AND U.S. TO DIFFER OVER THIS ISSUE. HE URGED DINITZ TO INTERPRET OUR PRESIDENT TO HIS PRIME MINISTER. DINITZ REPLIED THAT THE PRESIDENT HAD MADE U.S. POLICY VERY CLEAR TO PRIME MINISTER AND THERE WAS NO MISUNDERSTANDING. U.S. AND ISRAEL COULD ARGUE OVER LEGALITIES, BUT WHEN U.S. DESCRIBED ISRAELI ACTIONS AS COMPLICATING PEACE PROCESS OR PURSUIT OF NEGOTIATIONS, IT WAS REACTING OUT OF PROPORTION. THESE STATEMENTS, WHEN READ IN ARAB WORLD, WOULD AFFECT ARAB FLEXIBILITY, AS ARABS WOULD FIGURE U.S. WAS ON ARAB SIDE.

10. HABIB SAID ISRAEL IN EFFECT WAS CAUSING STRONGER U.S. REACTION BY TAKING ACTIONS AT TIME WHEN U.S. HAD ASKED ISRAEL NOT TO DO SO. DINITZ SAID HE WAS WORRIED THAT U.S. STATEMENTS WOULD GIVE ARABS ALIBI IN PEACE PROCESS. HABIB OBSERVED U.S. WOULD LOSE CREDIBILITY WITH ARABS AS INTERMEDIARY IF IT REMAINED SILENT. HE URGED DINITZ TO CONVEY TO JERUSALEM THAT PROBLEM WAS REACHING  
SECRET

PAGE 06 STATE 197390

STAGE WHERE IT SHOULD BE HALTED. DINITZ RESPONDED THAT FOR TWENTY YEARS BEFORE ANY SETTLEMENTS WERE ESTABLISHED THERE HAD BEEN NO PEACE OR NEGOTIATIONS IN MIDDLE EAST AND SETTLEMENTS WERE NOT THE DISRUPTIVE ELEMENT. HE URGED AGAINST THAT U.S. CRITICISMS OF SETTLEMENTS NOT BE COUCHED IN TERMS OF HARM TO PEACE PROCESS. HABIB SAID HE WOULD PRESENT DINITZ'S SUGGESTION AS EFFORT TO BE CONSTRUCTIVE, ALTHOUGH HE SAW NO POSSIBILITY THAT U.S.



COULD COMPLY.

11. HABIB NOTED PRESIDENTIAL MESSAGE EXPRESSED HOPE FOR NO REPETITION OF LATEST DECISION ON ADDITIONAL SETTLEMENTS AND ASKED DINITZ IF BEGIN WOULD BE ABLE TO ASSURE US. DINITZ SAID PRESIDENTIAL PROMISE OF SILENCE RE 1967 BOUNDARIES WITH MINOR MODIFICATIONS WAS ALREADY QUALIFIED. PRIME MINISTER HAD BEEN UPSET THAT THIS POSITION WAS REPEATED TO ARABS BY THE SECRETARY. HABIB NOTED WE HAD TOLD ISRAELIS BEFOREHAND WE WOULD CONFIRM TO ARABS OUR POSITION HAD NOT CHANGED IF WE WERE ASKED. DINITZ SAID HE WAS SORRY TO SEE PRESIDENTIAL ASSURANCE WAS NOW CONNECTED TO SETTLEMENTS ISSUE. HABIB SUGGESTED THIS WAS REFLECTION OF HOW DEEPLY THE PRESIDENT FELT ABOUT SETTLEMENTS ISSUE.

12. BAR-ON ASKED THAT PUBLIC STATEMENT RE EXTENSION OF

SERVICES TO OCCUPIED TERRITORIES BE SOFTENED AND PREDICTED THIS ISRAELI ACTION MIGHT EASE HUMAN RIGHTS PRESSURES ON ISRAEL IN UN. HABIB SAID HE WOULD REFLECT ON BAR-ON'S SUGGESTION; BOTH HABIB AND DINITZ DISAGREED WITH BAR-ON PREDICTION ABOUT UN SITUATION. THIS STATEMENT WAS SUBSEQUENTLY MODIFIED BEFORE ISSUANCE. VANCE UNQUOTE VANCE

SECRET

PAGE 07 STATE 197390

SECRET

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 22-Sep-1999 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** POLICIES, MILITARY OCCUPIED AREAS, CAT-B  
**Control Number:** n/a  
**Copy:** SINGLE  
**Sent Date:** 19-Aug-1977 12:00:00 am  
**Decaption Date:** 22 May 2009  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977STATE197390  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** NEA/IAI:WBSMITHII:HLK  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Expiration:**  
**Film Number:** P850106-1461  
**Format:** TEL  
**From:** STATE  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1977/newtext/t197708117/baaaetog.tel  
**Line Count:** 464  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Message ID:** 9ee85751-c288-dd11-92da-001cc4696bcc  
**Office:** ORIGIN NODS  
**Original Classification:** SECRET  
**Original Handling Restrictions:** NODIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 9  
**Previous Channel Indicators:**  
**Previous Classification:** SECRET  
**Previous Handling Restrictions:** NODIS  
**Reference:** TEL AVIV 6136  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 22-Mar-2005 12:00:00 am  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1446006  
**Secure:** LOCK1  
**Status:** NATIVE  
**Subject:** MEETING WITH DINITZ: POLICY ON SETTLEMENTS  
**TAGS:** PBOR, PDEV, IS, US, (HABIB, PHILIP C), (DINITZ, SIMCHA)  
**To:** TEL AVIV  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/9ee85751-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009